

Message Text

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ACTION EB-08

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E.O. 11652: N/A
TAGS: EFIN, JM
SUBJECT: GOJ BUYS BANK OF MONTREAL

REF: KINGSTON 0471

1. ACCORDING TO A STATEMENT ISSUED BY MINISTER OF FINANCE DAVID COORE AND REPORTED IN THE DAILY GLEANER AND DAILY NEWS OF JANUARY 19, THE GOJ HAS BOUGHT THE JAMAICAN OPERATION OF THE BANK OF MONTREAL. (BOM).
2. THIS BRINGS TO THREE THE NUMBER OF COMMERCIAL BANKS BOUGHT OUT BY THE GOJ. THE OTHER TWO BANKS ARE BARCLAYS, RENAMED NATIONAL COMMERCIAL BANK JAMAICA LTD. (NCB) AND THE RECENTLY ANNOUNCED ACQUISITION OF THE RETAIL OPERATIONS OF THE FIRST NATIONAL BANK OF CHICAGO LTD. BY NCB (SEE REFTEL).
3. AT THE OFFICIAL SIGNING OF THE AGREEMENT BETWEEN THE GOJ AND THE BANK OF MONTREAL AT THE BANK OF JAMAICA IN KINGSTON ON JANUARY 18, MINISTER COORE WHO SIGNED ON BEHALF OF THE GOVERNMENT SAID THAT THE BANK OF MONTREAL ASKED THE GOVERNMENT TO TAKE OVER THE OPERATION AS ITS LEVEL OF PROFITABILITY WAS BELOW WHAT WAS REQUIRED TO MAKE IT VIABLE.

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4. MR. COORE SAID THAT THE GOJ WOULD ACQUIRE ALL THE ASSETS AND LIABILITIES OF THE BANK FOR A NOMINAL \$1.00 AND THAT THE AGREEMENT WOULD TAKE EFFECT ON FEBRUARY 28. A STATEMENT ISSUED ON JANUARY 18 BY BOM'S GENERAL MANAGER, C.B. MCLEAN, SAID IN PART:

QUOTE-F. MARION THOMPSON, BANK OF MONTREAL VICE PRESIDENT, LATIN AMERICAN AND CARIBBEAN DIVISION, SAID THAT THE SALE IS A VOLUNTARY ONE AND THAT AFTER FEBRUARY 28 THERE WILL BE NO CONNECTION WHATSOEVER BETWEEN THE BANK OF MONTREAL AND THE THREE JAMAICAN BRANCHES WHICH WILL BE OPERATED UNDER A NEW NAME YET TO BE DECIDED BY THE JAMAICAN GOVERNMENT-UNQUOTE. THE AGREEMENT PROVIDES THAT "THE TAKEOVER BY THE GOVERNMENT ENSURES THAT THE TERMS AND CONDITIONS APPLICABLE TO THE CONTRACTS OF SERVICES OF EMPLOYEES OF THE LOCAL BANK ARE NOT ALTERED TO THEIR DETRIMENT."

5. BANK OF MONTREAL STARTED OPERATIONS IN JAMAICA IN 1970, AND, ACCORDING TO MR. MCLEAN, 1973 AND 1974 WERE TWO OF THE COMPANY'S BETTER YEARS OF OPERATION IN JAMAICA.

6. COMMENT: THE EMBASSY COMMENT IN REFTTEL ALSO APPLIES TO THE BANK OF MONTREAL'S FAILURE TO OPERATE PROFITABLY. IRVING

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